

**SALES AND USE TAX REVIEW COMMISSION
RECOMMENDATION PURSUANT TO P.L. 1999, C. 416**

BILL NUMBER:

A-236/S-1514

DATE OF INTRODUCTION:

January 8, 2008/March 10, 2008

SPONSOR:

Assemblyman Bramnick/Senator Kean

DATE OF RECOMMENDATION:

April 17, 2008

COMMITTEE:

Assembly Appropriations Committee/Senate Economic Growth Committee

DESCRIPTION:

This bill exempts charges for postage in distribution of direct mail processing services from sales and use tax where separately stated..

ANALYSIS:

This Bill is proposed to amend the Sales and Use Tax Act, N.J.S.A. 54:32B-1 et. seq., to create an exemption for charges on postage used in connection with the distribution of direct mail processing services if the charges for postage are separately stated on an invoice, bill, or similar document presented to the purchaser.

Effective October 1, 2006, the definition of "sales price" was modified to include "delivery charges". "Delivery charges" in turn, are defined to include postage. *See* N.J.S.A. 54:32B-2(rr), N.J.S.A. 54:32B-2(oo)

Where direct mail processing services result in property being delivered to a location in this State, the postage expense is now part of the taxable receipt. However, the purchase of postage directly from the United States Postal Service remains nontaxable.

This Bill is meant to correct that disparity. If this bill is not enacted, the industry will simply resort to self help strategies. Specifically, the direct mail customer will simply purchase the postage from the United States Postal Service directly or establish an account with the United States Postal Service that the direct mail seller can utilize.

The Committee is concerned that the passage of this bill may violate the Streamlined Sales and Use Tax Agreement. In addition, since the subject matter of this bill is currently a matter of discussion in the State and Local Advisory Council, the Committee stated that it is prudent to wait on the enactment of this bill.

RECOMMENDATION: The Commission does not recommend enactment of this Bill.

COMMISSION MEMBERS FOR PROPOSAL: 0

COMMISSION MEMBERS AGAINST PROPOSAL: 8

COMMISSION MEMBERS ABSTAINING: 0